

# **REQUEST FOR PROPOSALS**

## **ADMINISTRATOR**

**FOR THE STATE OF HAWAII  
FLEXIBLE SPENDING ACCOUNTS**

**RFP NO. FSA-FY-98-2**

## TABLE OF CONTENTS

<b>PUBLIC NOTICE TO OFFERORS .....</b>	<b>3</b>
<b>SIGNIFICANT DATES .....</b>	<b>4</b>
<b>I. INTRODUCTION .....</b>	<b>5</b>
1.0 BACKGROUND AND GENERAL INFORMATION .....	5
2.0 APPROACH .....	6
<b>II. SPECIFICATIONS .....</b>	<b>7</b>
1.0 SCOPE OF WORK .....	7
2.0 PROPOSAL .....	16
<b>III. SPECIAL PROVISIONS .....</b>	<b>23</b>
1.0 SCOPE .....	23
2.0 WRITTEN QUESTIONS .....	23
3.0 RESPONSE TO WRITTEN QUESTIONS .....	23
4.0 OFFEROR'S QUALIFICATIONS .....	23
5.0 PROPOSAL PREPARATION .....	24
6.0 SUBMISSION OF PROPOSALS .....	25
7.0 EVALUATION AND SELECTION .....	25
8.0 REJECTION OF PROPOSALS .....	27
9.0 CONTRACT PERIOD .....	27
10.0 CONTRACT EXECUTION .....	27
11.0 COMPENSATION .....	33
12.0 FAILURE TO DELIVER .....	33
13.0 DISPUTES .....	33
<b>NOTICE OF INTENTION TO SUBMIT PROPOSAL .....</b>	<b>34</b>
<b>TRANSMITTAL LETTER .....</b>	<b>35</b>
<b>WAGE CERTIFICATION .....</b>	<b>37</b>
<b>PROPOSAL SUBMISSION PACKET .....</b>	<b>38</b>

## **PUBLIC NOTICE TO OFFERORS**

NOTICE is hereby given that SEALED PROPOSALS will be received at the Office of the Director of Human Resources Development (HRD), 235 S. Beretania Street, 14th Floor, Honolulu, Hawaii 96813, up to 4:00 p.m. (HST), June 12, 1998, for RFP NO. FSA-FY-98-2 for an ADMINISTRATOR for the STATE OF HAWAII FLEXIBLE SPENDING ACCOUNTS as advertised in the Star Bulletin on April 14, 1998.

Proposals shall not be opened publicly, but shall be opened in the presence of the Director of Human Resources Development (Director). A register of proposals shall be prepared by the State and shall be made available to the public after the contract is awarded and signed. Proposals received after 4:00 p.m., June 12, 1998, will not be considered. This RFP may be canceled and any and all proposals may be rejected, in whole or in part, when it is in the best interest of the State.

A Pre-Proposal Conference will be held on May 6, 1998, 9:00 A.M. (HST) at the Director's Conference Room, 235 S. Beretania Street, 14<sup>th</sup> Floor, Honolulu, HI. The deadline for submission of Pre-Proposal Conference written questions is April 29, 1998, 12:00 noon (HST). The deadline for Post-Conference written questions is May 13, 1998, 12:00 noon (HST). A written Notice of Intention to Submit Proposal must be received by the above office by 12:00 noon (HST), May 20, 1998, in order for a proposal to be considered. Questions and the Notice of Intention to Submit Proposal may be faxed to (808) 587-1106.

The RFP may be obtained from the above address, at no cost, beginning at **9:00 a.m. (HST), April 14, 1998.**

---

James H. Takushi, Director  
Department of Human Resources Development

April 14, 1998

## **SIGNIFICANT DATES**

Advertisement	April 14, 1998
Proposal Available for Distribution	April 14, 1998 (9:00 A.M.*)
Deadline for Pre-Proposal Conference Written Questions	April 29, 1998 (12:00 noon*)
Pre-Proposal Conference	May 6, 1998 (9:00 A.M.*)
Deadline for OFFEROR'S Post- Conference Written Questions	May 13, 1998, (12:00 noon*)
Deadline for OFFEROR'S Intention to Submit Proposal	May 20, 1998 (12:00 noon*)
Responses to Questions from OFFERORS submitting Intention to Submit Proposal	May 22, 1998
Deadline for OFFEROR'S Proposal	June 12, 1998 (4:00 P.M.)**
Selection of Administrator	Approximately June 30, 1998

\*Hawaii Standard Time

\*\*Proposals must be received in the Office of the Director of HRD by 4:00 P.M, June 12, 1998. Late proposals shall not be considered.

## **I. INTRODUCTION**

### **1.0 BACKGROUND AND GENERAL INFORMATION**

The State of Hawaii ("State") is authorized to establish and administer a Cafeteria Plan for the benefit of State employees pursuant to section 78-61, Hawaii Revised Statutes. The Department of Human Resources Development ("HRD") is charged with the responsibility for the State's Cafeteria Plan. The State has offered its employees a Premium Conversion Plan ("PCP") since 1990. It desires to implement Flexible Spending Accounts ("FSAs") in accordance with section 125 of the Internal Revenue Code ("IRC"), which includes both Health Care and Dependent Care Expense Spending Accounts for all eligible State employees, to be defined in the State of Hawaii Personnel Administrative Rules.

It is expected that there will be approximately 26,000 employees eligible to participate in the FSAs. However, the number of eligible employees may increase to as much as 45,000 (or decrease) upon 30 days notice from the State. The tentative implementation date for the FSAs is July 1, 2000, and the first open enrollment period is scheduled to begin approximately January 2000.

The Department of Accounting and General Services (DAGS) operates the State payroll system. Employees are currently being paid twice a month, on the 15th and last day of the month, unless these dates fall on a weekend or holiday, in which case employees are paid on the prior working day. The State plans to move to a payroll lag system effective July 1998, whereby employees will be paid five days after the end of the pay period (pay periods end on the 15th and last day of the month). The CONTRACTOR must be able to receive and send data tapes every pay period. The DAGS payroll system can receive and send data tapes that use a nine track 6250 bpi or 1600 bpi IBM EBCDIC format. The Administrator shall be required to operate within this or any other framework adopted by the State.

The State has employees on the islands of Oahu, Kauai, Hawaii, Maui, Molokai and Lanai. Travel between islands will be necessary to service all employees eligible to participate in the FSAs.

The contract with the CONTRACTOR is expected to begin on or about July 1, 1998 and end June 30, 2005, with the possibility of three twelve-month extensions by mutual agreement. The first Plan year is tentatively scheduled to begin July 1, 2000 and end June 30, 2001.

Eligible State employees belong to various unions/employee organizations, all of which will be informed and consulted prior to implementation of FSAs. These include, but are

not limited to, the Hawaii Government Employees Association, United Public Workers, and the Hawaii Fire Fighters Association.

## **2.0 APPROACH**

HRD will contract with the successful OFFEROR ("CONTRACTOR") to be the Administrator exclusively responsible for the FSA administration, which includes, but is not limited to, preparation of informational materials, employee orientation, employee enrollment forms, employee account statements, reimbursement checks, and reports to HRD.

The State requires that the FSAs be administered at no cost to the State. The CONTRACTOR shall be compensated solely from monthly fees paid by participating employees. Therefore, the CONTRACTOR will be required to factor all costs associated with administration, which may include any set up fees, into the proposed monthly fee.

## **II. SPECIFICATIONS**

The requirements specified in this section are designed to assist the OFFEROR in submitting a proposal that will best meet the needs of the State. The requirements presented specify the services to be provided by the successful OFFEROR and the minimum capabilities required.

The CONTRACTOR shall be required to primarily assist the State in the FSA's program design, implementation, administration, and program compliance tasks listed under Section 1.0 SCOPE OF WORK below.

### **1.0 SCOPE OF WORK**

<b>ITEM</b>	<b>TASK/DELIVERABLE DESCRIPTION</b>
1.1	Assist the State in the FSA program design and compliance activities, including, but not limited to:
1.1.1	Assisting with the development and/or amendment, as necessary, of the Plan Document, Administrative Rules (pursuant to chapter 91, Hawaii Revised Statutes), and Summary Plan Description, including attending Administrative Rules public hearings.
1.1.2	Obtaining all required approvals for the FSAs to assure the State is in compliance with all applicable federal and State laws (e.g., section 125 of the IRC) and regulations.
1.1.3	Acting as liaison to all applicable federal and State agencies, as may be required.
1.1.4	Preparing any reports or tests for the FSAs required by federal and/or State laws/regulations, including IRS Form 5500, and performing any required discrimination testing at least twice each plan year. All reports and tests shall be prepared/filed in accordance with IRC rules, regulations, and timetables.
1.1.5	Keeping HRD apprised of all laws and regulations of applicable regulatory agencies which may affect section 125 plans (including FSAs and premium conversion plans), and providing information on present or future federal or State-level changes pending, legislatively or otherwise, and their implications for section 125 plans and their participants.

- 1.1.6 Advising HRD on the merits of maintaining FSAs and their provisions, and recommending amendments to the FSAs as may be required by changing conditions, laws, or regulations.
- 1.2 Assist the State in the FSA program implementation/administration activities, including, but not limited to:
  - 1.2.1 Conducting all open enrollment activities annually and at times specified by the State.
    - 1.2.1.1 Conducting informational/educational sessions for departmental personnel offices on all islands.
    - 1.2.1.2 Conducting informational/educational sessions for all eligible employees on all islands.
    - 1.2.1.3 Designing, printing, and distributing in sufficient quantities all customized written informational materials to fully apprise all eligible employees of the FSAs' purposes and provisions, and designing, printing and distributing all necessary FSA forms, including but not limited to, participation and non-participation enrollment forms and reimbursement claim forms. All materials shall have the State's pre-approval. (See, Appendix A for an example of the preferred format and presentation for the employee informational booklet.) Distribution of informational materials/forms shall be to approximately 350 worksites.
    - 1.2.1.4 Preparing customized informational videos, which are pre-approved by the State.
    - 1.2.1.5 Providing assistance to all employees in completing all required forms, including annual participation and non-participation enrollment forms, payroll forms, and any other forms required by the State. Ensuring that all eligible employees sign either a participation or non-participation enrollment form annually, as required by the State.
    - 1.2.1.6 Providing all assistance necessary to educate/enroll disabled employees on the FSA programs, including but not limited to, large print materials, text telephones, sign language interpreters, and any other actions required by the Americans With Disabilities Act.



- 1.2.1.7 Working with and coordinating all open enrollment activities/forms with the State Health Fund and health plan administrators for the employee organizations/unions, as appropriate.
  - 1.2.2 Sending confirmation letters for FSAs, with a start-up supply of reimbursement forms, to all enrollees prior to the first employee payroll deduction. Confirmation letters shall specify, at a minimum, the type of spending account, the annual amount of salary reduction and the pro-rated semi-monthly amount.
  - 1.2.3 Assisting employees with family status changes and ensuring that the changes qualify under the Plan Document/Administrative Rules and IRC.
  - 1.2.4 Assuming responsibility for carrying out the requirements under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") and all amendments thereto that have been or may be enacted, as they relate to the FSAs, including notification to participants/dependents, and maintenance of accounts for any participant/dependent who elects continuation under COBRA.
  - 1.2.5 Assuming responsibility for carrying out the Health Insurance Portability and Accountability Act of 1996 and all amendments thereto that have been or may be enacted, including notification to participants/dependents.
  - 1.2.6 Promptly and courteously answering all employee questions/inquiries and providing written responses when needed or requested.
- 1.3 Ensure the performance of all necessary administrative/recordkeeping functions for FSAs, including but not limited to:
- 1.3.1 Accurately inputting all participant data and validating data fields and/or ranges, such as, but not limited to: names; social security numbers; line item numbers, agency codes, payroll distribution codes; and reduction amounts (that do not exceed the legal account limits or limits set by the State).
    - 1.3.1.1 Providing on a semi-monthly basis, within the deadlines prescribed by DAGS, data on computer magnetic tapes that contain any/all required participant data information to the

State payroll office(s) in a format specified by the State, or electronic transfer of such data.

1.3.1.2 Developing and providing error resolution instructional materials, subject to the State's approval.

1.3.1.3 Resolving any errors including those discovered on its own or by the State.

1.3.2 Providing monthly, quarterly, and annual reports in a form requested by the State and any special reports, as may be requested by the State. Reports shall contain, without limitation, such information as number of employees contributing to each FSA, amount of payroll reductions for each FSA, fees charged, number of new enrollments, and number of separated participants, number of claims received and processed; disposition of claims; number of claims rejected; claim adjustments made after initial disposition; average number of days elapsed in processing claims; number of claims paid after ten business days and reasons.

1.3.2.1 Providing annual reports, showing the number, nature, and resolution of complaint calls.

1.3.3 Attending all meetings, legislative hearings, and public hearings, as required by the State, to explain the State's FSAs and answer questions and assisting HRD in drafting necessary written testimony.

1.3.4 Establishing an FSA claims processing/reimbursement system with a standard that at least 90% of claims shall be processed within five business days after receipt of a claim and that 100 percent shall be processed within ten business days of receipt of a claim. Reimbursement checks shall be issued for \$15.00 or more, except for the final reimbursement at the end of the plan year.

1.3.4.1 Being solely responsible for receiving and verifying FSA reimbursement claims.

1.3.4.2 Developing a "voucher" system, upon the State's request, so that for Dependent Care Expense Accounts, employees have no claims to file and no cash flow delay.

1.3.4.3 Providing a system so that claims may be submitted via a facsimile (fax) machine, through the mail, or in person. Providing a 1-800-fax number to submit claims, which shall

be available 24 hours a day.

- 1.3.4.4 Providing a system so employees' reimbursements can be automatically deposited directly into their bank accounts or mailed to their homes.
- 1.3.4.5 Providing a system so that each reimbursement check stub shows an ongoing summary of each participant's account, including year-to-date total deposits, year-to-date total reimbursements, and year-to-date totals of authorized claims. The reimbursement check stub will also show dates of service for the reimbursement check. Providing the same information for employees using automatic deposit into bank accounts.
- 1.3.4.6 Remitting a notice to participants if a claim is rejected for any reason, within five business days of the rejection, including a clear explanation of the rejection.
- 1.3.4.7 Notifying a participant in writing, within five business days, if a claim is authorized for an amount different from the request for reimbursement.
- 1.3.4.8 Providing each participant with a quarterly transactional summary showing individual deposits, reimbursements and dates of service for each reimbursement, account balance, and outstanding authorized claims.
  - 1.3.4.8.1 Including in each quarterly statement an appropriate and timely general message to participants regarding the FSAs. The message shall be pre-approved by the State.
  - 1.3.4.8.2 Reminding participants, on their third quarter statements, of the "use-it-or-lose-it" clause. Preparing articles for the HRD newsletter reminding participants of the "use-it-or-lose-it" clause.
  - 1.3.4.8.3 Mailing all statements to participants' homes.
- 1.3.4.9 Sending to each participant's home, at the end of each plan year, a statement of the account balance and a reminder of the 90-day grace period for the submission of claims for expenses incurred during the preceding plan year.

- 1.3.4.10 Paying the full amount of a Health Care Expense claim that is submitted for an amount larger than a participant's account balance, up to the amount the employee will have contributed for the entire plan year, as required under the IRC.
- 1.3.4.11 Providing a late-billing procedure to accept claims filed after the close of the grace period, if the late filing was not the participant's fault (e.g., waiting for documentation).
- 1.3.4.12 Maintaining participants' year-to-date contributions and processing a State cancellation of deduction form at the point that the employee would exceed his/her annual elected amount, or the legal account limit. Processing a cancellation form, as required by the State, for terminating employees and employees who do not re-enroll each plan year.
- 1.3.5 Sending to participants' homes, in a timely manner, any information or forms required by the IRC or the State.
- 1.3.6 Providing stop-pay, void, and stale-date check procedures, with the approval of the State.
- 1.3.7 Providing a comprehensive system of audit and control to track and balance accounts and to ensure the overall fiscal integrity of the FSAs, maintaining all records associated with an individual's account (including contributions, enrollment forms, authorizations, address, reimbursements) that relate to the proper administration of an account, and ensuring that all necessary forms and authorizations are complete, on file, and in compliance with the FSA rules.
- 1.3.8 Providing a biennial independent audit of the financial transactions of the Health Care and Dependent Care Expense FSAs and submitting the results to the State within 120 days of the State's request for an audit. Selection of the auditor must be approved by the State.
- 1.3.9 Complying with and implementing instructions given by the State for the disposition of any balances in any participant's account following the close of each plan year's grace period. Any and all forfeitures shall be returned to the State by October 31st of each year.

- 1.3.10 If requested by the State, setting up and depositing the participant contributions into:
- a. An interest-bearing account in the name of the State at a financial institution approved by the State; or
  - b. An alternative investment product in the name of the State (e.g., savings account, checking account, money market account, etc.) with a provider approved by the State. The investment product(s) shall guarantee, at a minimum, a full return of principal.

The State shall retain any and all interest earned on the account or investment product.

PLEASE NOTE: The State may decide to set up its own account to deposit the participant contributions and periodically transfer funds to the CONTRACTOR for distribution to the participants. The State will select the type of account or investment product that will be utilized after proposals have been submitted.

- 1.3.11 Performing all other day-to-day responsibilities necessary to insure the effectiveness and integrity of the FSAs in accordance with generally accepted industry practices and/or as requested by HRD.
- 1.3.12 Providing administrative services, at the same level as the Health Care and Dependent Care Expense FSAs, for any other flexible spending account the IRC may authorize and the State chooses to implement (e.g., adoption assistance plans, legal assistance plans).
- 1.4 Provide efficient, courteous, high quality, and accessible customer service to the State and all eligible employees, including, but not limited to:
- 1.4.1 Providing a system, computer or otherwise, so that customer service representatives have the ability to gain immediate access to a customer's FSA account to verify enrollment, deposits, claim authorizations, amounts and dates of reimbursements processed and account balances, status of authorizations of claims, dates of mailing/deposit, etc.
  - 1.4.2 Maintaining a local service office in Honolulu that is open Monday

through Friday, 8:00 a.m. to 5:00 p.m. (HST), excluding State holidays.

- 1.4.3 Providing a toll-free customer service telephone number that will be available from 8:00 a.m. to 5:00 p.m. (HST), excluding State holidays.
  - 1.4.3.1 Providing responses to telephone inquiries within one business day. This includes requests for FSA reimbursement claim forms or family status change forms.
  - 1.4.3.2 Providing a written response to inquiries requiring research or requiring written confirmation within five business days of the request or inquiry.
- 1.4.4 Providing disabled employees reasonable accommodation, as required by the Americans with Disabilities Act.
- 1.4.5 Providing customer service representatives that are well trained in program rules and regulations specific to the State of Hawaii's FSAs.
- 1.4.6 Providing an adequate number of customer service representatives to handle the volume of walk-ins for the Honolulu office and employee telephone calls. These representatives shall provide prompt, knowledgeable and courteous service at all times.
  - 1.4.6.1 Assuring that customer service representatives have laptop/notebook computers and appropriate software to assist employees in making decisions, including the ability to inform each employee how contributions to the FSAs affects his/her net paycheck.
- 1.5 Develop and administer appeal procedures, with the approval of the State, for employees who believe decisions/actions are not consistent with the FSA Plan Document, Administrative Rules, and IRC; whose claims are rejected or denied; whose claims are not processed in a timely fashion; whose accounts are misstated; whose reimbursement checks are delayed or incorrect; whose request to change is denied; or who may have other complaints against the CONTRACTOR or the State. This includes, but is not limited to:
  - 1.5.1 Receiving all FSA appeals, conducting investigations, resolving appeals, and preparing a response in a timely manner on behalf of

the State.

- 1.5.2 Notifying the State immediately of any employee or participant appeal, or any participant request that cannot be handled within the day-to-day scope of the CONTRACTOR'S customer service department.
- 1.6 Conduct a customer service satisfaction survey of a statistically significant random number of participants periodically, if requested by the State. The contents of the survey shall be approved by the State. Prepare a survey report and present to the State within 60 days after participant responses are due.
- 1.7 Confer with the State's deferred compensation third party administrator(s) and tax sheltered annuity agents, when necessary, to provide assistance so that employees do not over-defer into their deferred compensation plan as a result of participating in the FSAs.
- 1.8 Provide consultation to the State regarding all cafeteria plan-related benefits, including flexible spending accounts and premium conversion plan. This includes, but is not limited to:
  - 1.8.1 Answering questions regarding all cafeteria plan-related benefits.
  - 1.8.2 Assisting in review and analysis of the impact of legislative bills/statutes relating to cafeteria plan-related benefits.
  - 1.8.3 Providing letters of interpretation of section 125 of the IRC and the Hawaii Administrative Rules governing the FSAs and the premium conversion plan.
- 1.9 Provide a Turnover Plan, acceptable to the State, that provides for the complete transfer of FSA operations to the State or to a successor Administrator. Such a plan will be used at the end of the contract period to minimize any disruption of processing or service to participants, and its goal is continuity of plan operation. This includes, but is not limited to:
  - 1.9.1 Providing the State with any required technical assistance and advice during the turnover period.
  - 1.9.2 Cooperating fully with the State and any successor contractor

- during a turnover period.
- 1.9.3 Providing the State with a Turnover Plan within six months of execution of a contract.
- 1.9.4 Updating the Turnover Plan, as requested by the State.
- 1.9.5 Attending meetings, as required by the State, with State representatives or designees.
- 1.10 Provide adequate security and emergency protection of all data, records, forms and data processing operations devoted to FSA programs, including, but not limited to:
  - 1.10.1 Establishing procedures to ensure the data processing system will be back in at least minimal operation within thirty calendar days of a disaster, such as a fire, flood, hurricane, tornado, or bomb.
  - 1.10.2 Backing up all tapes and files daily for changes.
- 1.11 Providing other services reasonably required by HRD/the State.

## **2.0 PROPOSAL**

### **2.1 Proposal Requirements**

OFFEROR'S Proposal must clearly describe its approach, along with supporting experience and references relating to its ability to satisfactorily perform the tasks in the RFP. The Proposal must describe the OFFEROR'S overall qualifications for this type of work, and describe those factors that may uniquely qualify it for the State's Plan.

- 2.1.1 OFFEROR must present a written narrative (on the forms provided in the Proposal Submission Packet beginning on page 38) that demonstrates the method or manner in which the OFFEROR proposes to satisfy each of the contractual requirements. The language of the narrative must be straightforward and limited to facts, solutions to problems, and plans of proposed actions.
- 2.1.2 To facilitate the evaluation and review process, OFFEROR must use the forms provided in the Proposal Submission Packet



beginning on page 38, identify by number and restate each specific item in the order listed, and immediately below provide a detailed response for each item.

- 2.1.3 Where applicable, describe in detail how, when, by whom, with what, to what degree, where, etc., the requirement will be satisfied.
- 2.1.4 Failure to disclose the required information or any form of misrepresentation may be grounds for rejection of any Proposal or termination of any contract.

**2.2 OFFEROR'S Experience, History and Reliability** (Specify on or attach to Attachment 4.0, page 41, of the PROPOSAL SUBMISSION PACKET.) The experience, history, and reliability of the OFFEROR'S organization shall be considered in the evaluation process. Therefore, the OFFEROR shall submit the following information that documents successful and reliable experience, especially those performances related to the requirements of this RFP.

- 2.2.1 What is the principal business of the OFFEROR and when did the OFFEROR begin work in the area of FSA administration?
- 2.2.2 Is your company a subsidiary or affiliate of another company? Provide full disclosure of any direct or indirect ownership or control by any administrative service agency and/or financial institution and describe fully.
- 2.2.3 Describe any pending or proposed agreements to merge or sell the company.
- 2.2.4 Is there any pending litigation against the company? If so, give details and provide an opinion of legal counsel that the pending litigation will not impair the company's ability to perform the services required under this RFP.
- 2.2.5 Has there ever been any litigation or formal complaint against your company resulting from its current or past involvement performing administration activities for FSAs? If so, please describe fully.
- 2.2.6 Provide the following general company information:
  - 2.2.6.1 Name and address of company. Name of official who will coordinate all activities related to the FSA Plan. Telephone and fax number. Location of local office(s).

- 2.2.6.2 When was the company established?
- 2.2.6.3 What are the company's:
  - 1. Total assets?
  - 2. Capital and surplus?
  - 3. Total income, after taxes, for 1997?
  - 4. Total receipts for 1997?
- 2.2.6.4 Furnish a copy of your company's audited financial statements/financial reports for the last two years. Such statements shall remain confidential to the extent provided by law (chapter 92F, Hawaii Revised Statutes).
- 2.2.6.5 Provide opinion of legal counsel that the services you propose to provide are legal and appropriate for your institution under the State and federal regulations by which you and the State's Plan are governed.
- 2.2.6.6 What professional liability insurance coverages are maintained by your company for errors or omissions or any other acts committed by your company or its employees?
- 2.2.7 Given your current contractual obligations, will you have any problem providing the services required under this contract?
- 2.2.8 Has any contract of your company ever been terminated for cause? If so, when, by whom and under what circumstances?
- 2.2.9 Do you now, or have you ever had, a contract with the State to provide products or services? Briefly describe the nature and scope of the contract.
- 2.2.10 OFFEROR must have or be willing to open a local office in Honolulu.

**2.3 OFFEROR'S Interest-Bearing Account/Investment Product(s)**  
(Specify on or attach to Attachment 5.0, Page 42, of the PROPOSAL SUBMISSION PACKET).

- 2.3.1 If requested by the State, which type of interest-bearing account at a financial institution do you propose to use to deposit the participant contributions? Please describe in detail.
- 2.3.2 Specify the financial institution you propose to use.

- 2.3.3 If requested by the State, which alternative investment product (s) (e.g., savings account, checking account, money market account, etc.) would you propose to use to deposit the participant contributions? Please describe in detail.
- 2.3.4 Specify the proposed provider(s) of the above investment product(s). Provide proof that the provider(s) has/have complied with all applicable registration/licensing requirements of the State's Dept. of Commerce & Consumer Affairs (DCCA).
- 2.3.5 What is the current interest rate/ROR for the interest-bearing account and investment product(s)? Keep in mind that a full return of principal must be guaranteed.
- 2.3.6 How is the interest rate/ROR calculated and what has it been for the past five (5) years for each of the above?
- 2.3.7 Describe how a full return of principal can be guaranteed for each of the above.
- 2.3.8 Indicate whether your proposed monthly fee would change, and by how much, if the State requests the CONTRACTOR to set up the interest-bearing/investment product account.
- 2.4 OFFEROR'S Customer References** (Specify on or attach to Attachment 6.0, page 43, of the PROPOSAL SUBMISSION PACKET.)
- 2.4.1 Indicate the *number* of clients OFFEROR *currently* performs FSA administration activities for.
- 2.4.2 List the current top ten (largest number of eligible employees) private sector and the top ten government clients for whom you provide FSA administration services. Provide for each: type of service(s), average number of participants, fees charged, type of account used, contract beginning and end dates, contact person, address, telephone and fax number.
- 2.4.3 Indicate the *number* of clients who have not renewed their contracts with OFFEROR within the last five years and briefly describe why.
- 2.4.3.1 List the five largest clients in the last five years who have

not renewed their contract. Provide for each the name of a contact person and telephone number.

**2.5 Expertise of OFFEROR'S Personnel** (Specify on or attach to Attachment 7.0, page 45, of the PROPOSAL SUBMISSION PACKET.)

- 2.5.1 The qualifications of the personnel proposed by the OFFEROR to perform the requirements of this RFP shall be considered. Therefore, the OFFEROR shall submit information related to the experience and qualification of its staff.
- 2.5.2 Attach an organization chart of the company (or any part of the company associated with this contract) showing principal officers and staff members to be associated with this contract and fully describe their experience.
- 2.5.3 With whom in the company will the State conduct day-to-day business related to FSAs? Describe their qualifications and authority.

**2.6 OFFEROR'S Subcontractors** (Specify on or attach to Attachments 8.0 and 9.0, pages 46 & 47, of the PROPOSAL SUBMISSION PACKET.)

- 2.6.1 OFFERORS who intend to utilize the services of subcontractors must identify each person or firm to be engaged by the OFFEROR as a joint OFFEROR or subcontractor in the performance of work required under this RFP. Indicate whether the person or firm will be a joint OFFEROR or subcontractor.
- 2.6.2 Include on Attachments 7.0 and 8.0 the qualifications and resumes of all employees of the any joint OFFEROR or subcontractor that will be used to provide services to the Plan.
- 2.6.3 Describe the work to be performed by the joint OFFEROR or subcontractor.
- 2.6.4 The OFFEROR shall not subcontract any of the work to be performed under the CONTRACT nor shall OFFEROR assign the CONTRACT to any other person or firm without prior written permission from the State.

**2.7 Proposed Methods of Performance** (Specify on or attach to

Attachment 10.0, page 48, of the PROPOSAL SUBMISSION PACKET.)  
In presenting the proposed methods of performance, the OFFEROR shall provide the following information:

- 2.7.1 Describe in detail what assistance the CONTRACTOR expects of the State in the areas of program design, implementation, and day-to-day administration. Include the anticipated frequency of assistance.
- 2.7.2 Provide the name of the company, address, telephone number, and name of the official who will coordinate all activities related to the CONTRACT qualifications.
- 2.7.3 Describe the resources the OFFEROR has available for advising the State on operation of the Plan.
- 2.7.4 Describe the employee communication strategy your Company would utilize in administering the Plan. Describe the types of informational/ promotional materials used in similar plans.
- 2.7.5 Describe all record keeping and computer systems capabilities the company has to administer FSAs, and identify those resources that will be utilized in connection with this CONTRACT.
  - 2.7.5.1 Describe your firm's electronic data processing (EDP) services and capabilities (i.e., number of staff, and whether they are in-house employees or subcontracted?) If you use a subcontractor, please identify the subcontractor by name, address, and phone number. Will your Hawaii office have direct on-line data entry and inquiry capabilities?
  - 2.7.5.2 Specify the basic record keeping system to be provided for the Plan, with particular reference to the ability to receive, disburse, control, and ensure timeliness, accuracy, and confidentiality of records. Indicate if this system is owned in-house or subcontracted to another organization.
  - 2.7.5.3 Indicate all interfacing that will occur with the State. Indicate your ability to interface with the State's internal data processing systems.
- 2.7.6 Describe your capabilities to provide a customer service center. This center should provide an 800 toll-free telephone line to representatives who can advise the participants of information regarding their accounts.

- 2.7.7 Describe in detail the capabilities to provide voice response services that will allow participants to access information for inquiry purposes and/or enroll in/make changes to the FSA elections.
- 2.7.8 Specify all reports you propose to issue to the participants, the State, and governmental agencies. Furnish examples of all reports and indicate the frequency of each.
- 2.7.9 Describe any systems limitations you might have regarding the type of services you will be required to administer.

### **III. SPECIAL PROVISIONS**

#### **1.0 SCOPE**

Work included in the CONTRACT shall consist of the implementation and day-to-day administration of the State's Flexible Spending Accounts, according to the terms and conditions of this RFP, SPECIFICATIONS, SPECIAL PROVISIONS, GENERAL CONDITIONS (See, Appendix D), and all applicable laws and rules. The CONTRACT executed as a result of this solicitation, shall incorporate the foregoing and the OFFEROR'S agreed upon proposal (best and final offer).

#### **2.0 WRITTEN QUESTIONS**

All questions must be submitted in writing (typewritten) to the State by the date and time specified in SIGNIFICANT DATES. Questions may be sent by facsimile machine, provided they are received by the specified deadline. Such documents must contain pertinent information to identify the prospective OFFEROR, OFFEROR'S mailing address, telephone, and FAX number, the RFP NO., and be addressed to the State of Hawaii, Department of Human Resources Development, 235 S. Beretania Street, 14th Floor, Honolulu, HI 96813. The FAX number for questions is (808) 587-1106.

#### **3.0 RESPONSE TO WRITTEN QUESTIONS**

The State shall respond by the date specified in SIGNIFICANT DATES, to those OFFERORS who submitted a NOTICE OF INTENTION TO SUBMIT PROPOSAL by the date and time specified in SIGNIFICANT DATES. The State shall not be responsible for any delays to or non-receipt of responses by prospective OFFERORS.

#### **4.0 OFFEROR'S QUALIFICATIONS**

Each OFFEROR proposing to perform the services prescribed in this RFP must possess the minimum qualifications as set forth below:

- 4.1 OFFEROR must be licensed to do business in the State of Hawaii and shall have complied with all applicable registration/licensing requirements of the State's DCCA.

- 4.2 OFFEROR must possess experience administering flexible spending accounts in accordance with section 125 of the IRC.
- 4.3 OFFEROR must be knowledgeable of all applicable State and federal laws, rules, and regulations governing cafeteria plans, including section 125 of the IRC.

## **5.0 PROPOSAL PREPARATION**

To be considered responsive, OFFEROR'S Proposal must contain all items listed in PROPOSAL SUBMISSION PACKET (Page 38). Any Proposal offering terms and conditions that are contradictory to those included herein may be rejected without further consideration.

- 5.1 OFFEROR must complete the TRANSMITTAL LETTER, attach evidence of authority to act on behalf of the company, and affix the corporate seal. The original Proposal response must contain original signatures (facsimiles will not be accepted).
- 5.2 OFFEROR is required to submit its Proposal using the OFFEROR'S exact legal name, as registered in the state in which it is incorporated. Failure to do so may delay proper execution of the CONTRACT.
- 5.3 All Proposal responses must be in accordance with the terms and conditions stated herein. Descriptions may be submitted on additional sheets not provided for in this RFP.
- 5.4 OFFEROR shall describe how its Proposal meets the State's requirements on a point-by-point basis as itemized in Part II. SPECIFICATIONS (beginning on page 7). The description should be in sufficient detail to enable the State to evaluate the services offered. This is in addition to any brochures or printed materials that may be submitted with this RFP. Note: Use the attached forms to describe information.
- 5.5 In preparing its Proposal, OFFEROR shall not incorporate or otherwise use costly or elaborate artwork, graphics, binding, printing, or other media/materials that are not essential to the utility or clarity of Proposals.
- 5.6 All materials submitted shall become the property of the State, unless otherwise noted.



- 5.7 The State reserves the right to hold all Proposals received for a period of sixty (60) days from the date of the Proposal opening, during which time the Proposals shall be irrevocable, unless otherwise required by law.

## **6.0 SUBMISSION OF PROPOSALS**

- 6.1 Proposals shall be sent by mail, courier service, or hand delivered to the Director of the Department of Human Resources Development, 235 S. Beretania Street, 14th Floor, Honolulu, Hawaii 96813 **by 4:00 P.M. (HST) June 12, 1998.** Proposals shall be sealed and clearly marked identifying the RFP NO., and OFFEROR's address and phone and fax number. All Proposals must be typewritten on the sheets provided or mechanically printed on 8 ½" x 11" paper and pages numbered according to the PROPOSAL SUBMISSION PACKET. Any OFFEROR may modify or withdraw a Proposal before the opening date.
- 6.2 One (1) original and nine (9) copies of the Proposal shall be delivered concurrently. Proposals shall be time-stamped upon receipt and shall not be opened publicly.
- 6.3 For this RFP, there is no requirement for a Proposal deposit or other evidence of Proposal security.

## **7.0 EVALUATION AND SELECTION**

The State may award a CONTRACT on the basis of initial Proposals received. Therefore, each Proposal should contain the OFFEROR's best terms from a cost and performance standpoint.

- 7.1 Only those Proposals that substantially meet all of the terms, conditions, and requirements specified in this RFP shall be considered. All other Proposals shall be considered to be non-responsive and shall be eliminated from the evaluation and selection process.
- 7.2 Entirely at the State's option, oral or written discussions may be conducted with any Priority Listed OFFEROR concerning clarification of the technical and cost aspects of the OFFEROR'S Proposal.
- 7.3 Entirely at the State's option, OFFERORS who submit Proposals that qualify for evaluation and selection may be afforded the opportunity to

revise their Proposals, including compensation, so as to present their best and final offers.

7.4 Proposals shall be reviewed by the Director of Human Resources Development.

7.5 Evaluation criteria are as follows:

**OFFEROR'S Experience/Performance History, and Customer References - 40%**

7.5.1 OFFEROR'S current and previous experience administering FSAs similar to that being proposed in the RFP.

7.5.1.1 Number and size (in terms of total numbers of participants eligible to participate in FSAs) of current clients.

7.5.2 Clients' satisfaction with OFFEROR'S services.

**OFFEROR'S Administrative Capability and Service - 30%**

7.5.3 The knowledge, ability and willingness of the OFFEROR to substantially fulfill all requirements of the RFP for the duration of the CONTRACT.

7.5.4 Accounting/Recordkeeping/Reporting -- Capability of the OFFEROR to maintain accurate participant records, provide participants with detailed statements, promptly/accurately process reimbursement checks, and promptly correct errors.

7.5.5 Expertise and qualifications of OFFEROR'S personnel.

7.5.6 The ability of the OFFEROR to effectively service participants.

**OFFEROR'S Proposed Monthly Fee - 25%**

7.5.7 The monthly fee(s) which will be charged to each participant.

**OFFEROR'S Interest-Bearing Account/Investment Product and Rate of Return - 5%**

- 7.5.8 Type of interest-bearing account/investment product in which OFFEROR proposes to deposit participants' money, proposed provider, risk involved, past performance, and rate of return.

## **8.0 REJECTION OF PROPOSALS**

- 8.1 The State reserves the right to cancel the RFP when, in the State's opinion, such cancellation is in the best interest of the State (including but not limited to, if the State does not receive a sufficient number of proposals).
- 8.2 The State may reject Proposals, in whole or in part, and waive any defects, when in the State's opinion, such rejection or waiver will be in the best interest of the State.
- 8.3 Multiple, alternate, or conditional Proposals shall not be accepted.
- 8.4 The State shall not be responsible for any bid preparation costs (or any other costs incurred by the OFFERORS) for any reason whatsoever.

## **9.0 CONTRACT PERIOD**

The successful OFFEROR shall enter into a CONTRACT for a period commencing on or about July 1, 1998, and ending June 30, 2005.

- 9.1 The CONTRACT may be extended for up to three twelve-month extensions, by mutual consent.
- 9.2 Either party may elect not to extend the CONTRACT on the same terms and conditions on the expiration or extension date of the CONTRACT, but the party electing not to extend must notify the other party in writing at least one hundred and eighty (180) calendar days prior to the expiration or extension date. No fees, charges, penalties, costs, etc. shall be assessed against the State or its employees in the event the CONTRACT expires, is terminated, or is not extended/renewed.

## **10.0 CONTRACT EXECUTION**

The successful OFFEROR shall be required to enter into a formal written CONTRACT in accordance with the laws, rules and regulations of the State. It is anticipated that the CONTRACT will be executed within ninety (90) calendar days

of the date of notification of the award.

- 10.1 The successful OFFEROR must effectuate in a timely manner such agreements with the State as are necessary to implement the contract. The CONTRACTOR must agree, at a minimum, in its CONTRACT with the State to represent, covenant, and warrant, among other things, the following:
- 10.1.1 Litigation. The CONTRACTOR, its officers, directors, stockholders, agents, or employees are not subject to any present litigation or administrative proceeding before any court or administrative body that would have a material adverse effect on the CONTRACTOR'S ability to perform under the CONTRACT. To the best knowledge of the CONTRACTOR, no such litigation or proceeding is presently threatened against it or any of the foregoing persons.
  - 10.1.2 No Conflicts. The CONTRACTOR, its officers, directors, stockholders, agents, employees, or subcontractors have no conflict of interest that impairs the CONTRACTOR'S ability to fully perform the duties and responsibilities under the CONTRACT.
  - 10.1.3 Indemnification. The CONTRACTOR shall indemnify and hold harmless the State and its employees from any and all claims, demands, suits, actions, damages, costs, and expenses, including reasonable attorneys' fees, arising out of or in connection with the performance of the CONTRACTOR'S services under the CONTRACT, including acts or omissions of the CONTRACTOR, its officers, directors, stockholders, agents, or employees.
  - 10.1.4 In no event shall the CONTRACTOR at any time and on any basis assert a claim or claims against the State or any of its staff members. To that end, the CONTRACTOR shall release the individual staff members from any claims or causes of action arising from or related in any manner to the relationship between the State and the CONTRACTOR created under the CONTRACT.
  - 10.1.5 Prohibited solicitation. The CONTRACTOR shall not at any time contact any employee for the purpose of soliciting business unrelated to the Plan or use or permit the use of information in its possession for solicitation of any business

with employees unrelated to the Plan, except as specified in this RFP.

- 10.1.6 Prohibited ownership. The CONTRACTOR shall not permit any employee or officer of the State to gain a share of this CONTRACT or to benefit directly therefrom because of substantial financial interest in the CONTRACT or CONTRACTOR, including its affiliates and subcontractors.
- 10.1.7 Contractor as employer. The CONTRACTOR shall comply with all applicable federal and State laws governing employment and shall require all subcontractors to comply with such laws.
  - 10.1.7.1 All services offered shall be in conformance with the parameters of the Plan. Any work that extends beyond the scope of this RFP must be approved by the State.
  - 10.1.7.2 The CONTRACTOR, its officers, directors, stockholders, agents, employees, and subcontractors, shall not act or be considered as employees of the State nor be entitled to any benefits or privileges accorded to public employees. The status of the CONTRACTOR with respect to the CONTRACT shall be one of an independent contractor.
  - 10.1.7.3 Discrimination. The CONTRACTOR shall not discriminate against any employee who is employed in the work covered by the CONTRACT, or against any applicant for such employment, because of race, religion, color, sex, age, marital status, sexual orientation, or national origin, or any other category protected by State and federal laws. This provision shall include, but not be limited to, the following: employment, upgrading, demotion, transfer, recruitment, recruitment advertising, layoff, termination rate of pay or other forms of compensation, and selection for training, including apprenticeship. The CONTRACTOR must insert similar provisions in all subcontracts for services covered by the CONTRACT.
  - 10.1.7.4 The CONTRACTOR shall remove persons from work

relating to the Plan if they are incompetent, careless, insubordinate, unsuitable, or otherwise unacceptable or if their continued employment is contrary to the best interests of the State and its employees.

- 10.1.7.5 The CONTRACTOR shall inform the State of changes in its key personnel or those of a subcontractor involved in the administration of the Plan.
- 10.1.8 Subcontracting and assignment. The CONTRACTOR shall not subcontract any of the work to be performed under the CONTRACT nor shall the CONTRACTOR assign the contract to any other person or firm without prior written approval from the State and no subcontract or assignment made without such approval will be recognized.
  - 10.1.8.1 No subcontract or assignment shall, under any circumstances, relieve the CONTRACTOR of CONTRACTOR'S obligation and liability under the CONTRACT with the State. All persons engaged in performing the work covered by the CONTRACT shall be considered as employees of the CONTRACTOR and the CONTRACTOR shall be responsible for any acts or omissions of its subcontractors or assignees.
  - 10.1.8.2 The CONTRACTOR shall be allowed to assign proceeds under the contract, provided the requirements of section 40-58, Hawaii Revised Statutes, are satisfied. (See, Appendix C.)
- 10.1.9 Licensing and regulatory requirements. The CONTRACTOR shall comply with applicable licensing and regulatory requirements of federal and State laws relating to the operation of the Plan and with applicable accreditation and other standards of performance generally accepted in the field of the CONTRACTOR'S activities. In no case shall administrative services be offered except by persons and companies authorized and duly licensed by the State of Hawaii and applicable federal regulatory agencies to offer such services. Upon award of the CONTRACT, the CONTRACTOR must provide an opinion of legal counsel of such compliance.
- 10.1.10 Bonding and insurance. The CONTRACTOR shall post any

bonds required by the State, which may include fidelity, errors and omissions, and other bonds and insurance that the State deems necessary to protect the assets of the Plan and the State, its officers, or its employees against liability.

- 10.1.11 Ownership of records and books. All records, reports, documents, data, and other written material related to the operation of the Plan that are maintained by the CONTRACTOR or its subcontractor shall at all times remain the sole property of the State, notwithstanding the fact that records may be stored upon or within one or more computers or data retention systems owned, operated, or leased by the CONTRACTOR or its subcontractor. All finished and unfinished records, reports, documents, data, and other written materials collected, prepared, or developed by the CONTRACTOR or its subcontractor during the term of the CONTRACT shall be considered "works made for hire." All such material shall be delivered to the State immediately upon termination of the CONTRACT.
- 10.1.12 Inspection of records and books. The State, its designated agents, attorneys, and accountants may examine those books, records, ledgers, journals, and other written materials of the CONTRACTOR, parent corporation, or subcontractor that relate to the operation of the Plan and the compensation and expenses derived by the CONTRACTOR or any subcontractor for services performed under the CONTRACT. To the extent that any of those records are maintained upon a computer or other data retention system which is not owned or controlled by the CONTRACTOR or subcontractor, the CONTRACTOR shall provide the State with satisfactory assurances from the owner of the computer or other data retention system that the records will be available to the State at all times.
- 10.1.13 Accounting practices. The CONTRACTOR shall maintain acceptable accounting procedures and practices and records that accurately reflect all direct and indirect expenditures related to the CONTRACTOR'S performance under the Plan and will permit inspection, review, and an audit of accounting records by appropriate State agencies or duly authorized representatives.
- 10.1.14 Confidentiality. The CONTRACTOR shall maintain all information submitted to, and all materials prepared,

developed, or compiled by the CONTRACTOR regarding the Plan in a confidential manner and shall not disclose or transmit such information to anyone who does not have a right to such information under the terms of the Plan or federal or State law.

- 10.1.15 Termination. The State may terminate the CONTRACT for any of the following:
- a. Malfeasance, nonfeasance, misfeasance, or neglect on the part of the CONTRACTOR; this includes the CONTRACTOR'S failure or unreasonable refusal on request of the State to substantially perform promptly the services required to be rendered under the CONTRACT;
  - b. If the CONTRACTOR:
    - 1) Files a petition in bankruptcy or for the approval of a plan of reorganization or arrangement under the applicable federal bankruptcy laws, or an admission seeking any relief provided therein;
    - 2) Makes an assignment for the benefit of creditors;
    - 3) Has a receiver appointed voluntarily/involuntarily for its properties;
    - 4) Permits a judgment to be obtained against it that is not promptly paid or promptly appealed and secured pending appeal; or
    - 5) Is otherwise financially insolvent;
  - c. If the award of the CONTRACT is deemed invalid or is invalidated by a court or other similar tribunal;
  - d. If the State decides to terminate the Plan; or
  - e. If it is in the best interest of the State.

In the event the CONTRACT is terminated for any of the above reasons, the State shall not be liable for any costs, fees, expenses, etc. incurred by the CONTRACTOR whatsoever.

- 10.2 If the State finds that it would be in the State's best interests to reduce or expand the scope of work, the successful OFFEROR may be required to enter into negotiation sessions for CONTRACT terms prior to entering into a formal CONTRACT.
- 10.3 This RFP, together with the successful OFFEROR's Proposal shall become part of the terms and conditions of the resulting CONTRACT, provided that in the event of any conflict between the terms of this RFP and the Proposal, this RFP shall control.



- 10.4 The State will issue a Notice to Proceed, which may be in the form of the CONTRACT, specifying the CONTRACT's commencement date. Any work performed by the successful OFFEROR prior to receipt of a fully executed copy of the CONTRACT shall be at the successful OFFEROR's own risk and expense. The State is not and shall not be liable for any work, CONTRACT costs, expenses, and loss of profits or damages whatsoever incurred by the successful OFFEROR prior to the CONTRACT commencement date.

## **11.0 COMPENSATION**

All services required under this RFP must be performed at no cost to the State. The CONTRACTOR shall be compensated solely from the monthly fees paid by the participants. The CONTRACTOR shall not be entitled to any State funds whatsoever. No State funds have been or will be budgeted for the Plan. Also, see 11.0 COMPENSATION, page 49.

## **12.0 FAILURE TO DELIVER**

The OFFEROR shall be obliged to deliver services awarded in this CONTRACT in accordance with the terms and conditions herein.

- 12.1 Failure to deliver may be cause for termination of the CONTRACT and may result in the OFFEROR being barred from future bidding. If the OFFEROR is unable or refuses to deliver the services under the CONTRACT herein, the State reserves the right to terminate the CONTRACT immediately and may bar the OFFEROR from future bidding.
- 12.2 Upon termination of the CONTRACT, the State shall have the right to secure services in the open market or from the next OFFEROR whose Proposal is deemed most advantageous to the State.

## **13.0 DISPUTES**

All disputes will be resolved by a process essentially similar to that identified in Section 11 of Disputes, under General Conditions. (See, Appendix D)

**NOTICE OF INTENTION TO SUBMIT PROPOSAL**

**FOR ADMINISTRATOR FOR  
STATE OF HAWAII  
FLEXIBLE SPENDING ACCOUNTS**

James H. Takushi, Director  
Department of Human Resources Development  
235 S. Beretania Street, 14th Floor  
Honolulu, Hawaii 96813  
Fax No. (808) 587-1106

Dear Director Takushi:

The undersigned has carefully read and fully understands the requirements of RFP NO. FSA-FY-98-2 for an ADMINISTRATOR for the STATE OF HAWAII FLEXIBLE SPENDING ACCOUNTS and hereby intends to submit a Proposal.

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Company:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**City/State/Zip:** \_\_\_\_\_

**Telephone No:** \_\_\_\_\_ **Facsimile No:** \_\_\_\_\_

**Date:** \_\_\_\_\_

(DUE NOT LATER THAN May 20, 1998, 12 Noon [HST])

**TRANSMITTAL LETTER**

**PROPOSAL FOR ADMINISTRATOR FOR  
THE STATE OF HAWAII  
FLEXIBLE SPENDING ACCOUNTS**

James H. Takushi, Director  
Department of Human Resources Development  
235 S. Beretania Street, 14th Floor  
Honolulu, Hawaii 96813  
Fax No. (808) 587-1106

Dear Director Takushi:

The undersigned has carefully read and fully understands the requirements of RFP NO. FSA-FY-98-2 and hereby agrees to furnish and deliver all responses in strict compliance with the RFP, if selected.

Any questions that the State may have regarding this Proposal should be directed to:

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Company:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**City/State/Zip:** \_\_\_\_\_

**Telephone No:** \_\_\_\_\_ **Facsimile No:** \_\_\_\_\_

The undersigned understands and agrees that:

1. The State of Hawaii reserves the right to reject any and/or all proposals and to waive any defects when, in the State's opinion, such rejection or waiver will be in the best interest of the State;
2. By submitting this Proposal, the undersigned is declaring that its Proposal is not in

violation of section 84-15, Hawaii Revised Statutes, concerning prohibited State contracts (See, Appendix E); and

3. If awarded the CONTRACT, any services performed will be in accordance with all applicable State and federal laws.

Respectfully submitted,

\_\_\_\_\_  
**By\***

\_\_\_\_\_  
**Title**

**(affix Corporate Seal here\*\*)**

\_\_\_\_\_  
**Hawaii General Excise Tax Number or federal I.D.**

\* Please attach to this Proposal evidence of authority of this officer to act on behalf of the company.

\*\* If the Corporate Seal is not available at the local or branch office where the Proposal is prepared, a letter signed by an authorized corporate officer indicating location of the seal may be attached to the Proposal as an acceptable substitute.

**WAGE CERTIFICATION**  
  
**FOR ADMINISTRATOR**  
**FOR STATE OF HAWAII**  
**FLEXIBLE SPENDING ACCOUNTS**

To the extent that section 103-55, Hawaii Revised Statutes, applies, I hereby certify that if awarded the CONTRACT, the services to be rendered will be performed under the following conditions:

1. The services to be rendered shall be performed by employees paid at wages or salaries not less than wages paid to public officers and employees for similar work, if similar positions are listed in the classification plan of the State government.
2. All applicable laws of the federal and State governments, including but not limited to workers' compensation, unemployment insurance, payment of wages, and safety, will be fully complied with.

I understand that all payments required by federal and State laws to be made by employers for the benefit of their employees are to be paid in addition to the base wages required by section 103-55, Hawaii Revised Statutes.

**OFFEROR:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**OFFEROR NAME:** \_\_\_\_\_

## **PROPOSAL SUBMISSION PACKET**

### **1.0 PROPOSAL SUBMISSION CHECKLIST**

OFFERORS are required to include in their PROPOSAL SUBMISSION PACKETS all items listed below and to place a check next to each item to indicate inclusion.

<b>Did you complete and include the following forms?</b>	<b>YES</b>	<b>NO</b>
• Transmittal letter		
• Certification of Authority/Registration to Transact Business in the State of Hawaii and the State of Incorporation		
• Wage Certification		
• Qualification Checklist		
• Explanation of Variance (if any)		
• Experience, History and Reliability		
• Interest-Bearing Account/Investment Product(s)		
• Customer References		
• Personnel		
• Subcontractors		
• Subcontractor's Personnel		
• Proposed Methods of Performance		
• Compensation		
• Additional Information (if any)		

**OFFEROR NAME:** \_\_\_\_\_

## 2.0 OFFEROR'S QUALIFICATION CHECKLIST

OFFERORS are required to fill out this checklist by indicating YES or NO to each item.

**YES** means Acceptance and OFFEROR is in compliance and agreement with all terms, conditions, and specifications of the RFP.

**NO** means a Variance and OFFEROR is in disagreement with part(s) of the terms, conditions, and specifications of the RFP. Any "NO" answers must be explained in Attachment 3.0, OFFEROR'S Explanation of Variance, page 40.

	YES	NO
• OFFEROR has read, understands, and will comply with all specified requirements and the terms and conditions of the RFP.		
• OFFEROR has read, understands, and will comply with the terms and conditions in the SPECIFICATIONS.		
• OFFEROR has read, understands, and will comply with the terms and conditions in the SPECIAL PROVISIONS.		
• OFFEROR has read, understands, and will comply with the requirements for PROPOSAL SUBMISSION PACKET contents.		
• The OFFEROR must submit profiles and resumes of the staff to be assigned to perform the requirements of the RFP.		
• The OFFEROR must be authorized to do business in the State of Hawaii and must have complied with all applicable registration/ licensing requirements of the State's Dept. of Commerce & Consumer Affairs.		
• The OFFEROR must have and be willing to commit sufficient staff and resources in Hawaii to perform and deliver the services and products required by the RFP for all eligible State employees in accordance with the terms and conditions specified in the RFP.		
• The OFFEROR must identify and provide information on any subcontractors/joint contractors, if applicable.		

**OFFEROR NAME:** \_\_\_\_\_

**3.0 OFFEROR'S EXPLANATION OF VARIANCE**

If OFFEROR indicated "NO" to any item of the OFFEROR'S QUALIFICATION CHECKLIST in Attachment 2.0, page 39, please indicate the specific section and describe/explain the variance.



**OFFEROR NAME:** \_\_\_\_\_

**4.0 OFFEROR'S EXPERIENCE, HISTORY AND RELIABILITY** - see section 2.2, page 17.

**OFFEROR NAME:** \_\_\_\_\_

**5.0 OFFEROR'S INTEREST-BEARING ACCOUNT/INVESTMENT PRODUCT(S)** - see section 2.3, page 18.

**OFFEROR NAME:** \_\_\_\_\_

**6.0 OFFEROR'S CUSTOMER REFERENCES - see section 2.4, page 19.**

1. **Program Name:** \_\_\_\_\_  
**Client Address:** \_\_\_\_\_  
\_\_\_\_\_  
**Phone Number:** \_\_\_\_\_  
**Fax Number:** \_\_\_\_\_

Program Administrator and/or Other Persons familiar with work performed by  
OFFEROR:

**Name/Title:** \_\_\_\_\_  
**Name/Title:** \_\_\_\_\_  
**Name/Title:** \_\_\_\_\_

**Date Started:** \_\_\_\_\_

**Date Ended:** \_\_\_\_\_

**Description of Plan Administered:** (Include the number of employees participating in the program, fees charged, type of account used, rate of return, contract period, and any other information to assist the State in evaluating OFFEROR. Append additional pages as needed.)

## **6.0 OFFEROR'S CUSTOMER REFERENCES (Cont.)**

**Description of Work Performed:** (Include objective(s) and methodology, including OFFEROR'S staffing, work plan and any other information, to assist the State in understanding the scope and dimensions of OFFEROR'S experience in administering these plans. Append additional pages as needed.)

**Report Enclosed:**    Yes \_\_\_\_        No \_\_\_\_

**Report Title:** \_\_\_\_\_

(Duplicate this page to provide the required number of references' information)

**OFFEROR NAME:** \_\_\_\_\_

**7.0 OFFEROR'S PERSONNEL** - see section 2.5, page 20.

**OFFEROR NAME:** \_\_\_\_\_

**8.0 OFFEROR'S SUBCONTRACTORS** - see section 2.6, page 20.

**OFFEROR NAME:** \_\_\_\_\_

**9.0 OFFEROR'S SUBCONTRACTOR'S PERSONNEL** - see section 2.6, page 20.

**OFFEROR NAME:** \_\_\_\_\_

**10.0 OFFEROR'S PROPOSED METHODS OF PERFORMANCE** - see section 2.7,  
page 20.



**OFFEROR NAME:** \_\_\_\_\_

**11.0 COMPENSATION** - see section 11.0, page 33.

Indicate the monthly fee(s) that you propose to charge the participants under the following scenarios:

1. One single monthly fee:

- a. Please specify the fee that would be charged regardless of whether the employee enrolled in one or both types of spending accounts.
- b. Please specify the fee if enrollments are done using a voice response system (i.e., would there be a difference in amount?).
- c. Indicate whether the fee would be different if the State decides to set up its own account to deposit participants' contributions and periodically transfer funds to the CONTRACTOR for distributions to participants (See, section 1.3.10, page 13). If so, specify the fee.

2. Two separate monthly fees:

- a. Please specify the separate fees that would be charged if the employee chooses:
  - Only one spending account,
  - Both spending accounts.
- b. Please specify the fee if enrollments are done using a voice response system (i.e., would there be a difference in amount?).
- c. Indicate whether the fee would be different if the State decides to set up its own account to deposit participants' contributions and periodically transfer funds to the CONTRACTOR for distributions to participants (See, section 1.3.10, page 13). If so, specify the fees.

3. Alternative fees:

- a. Please provide, if any, other alternative fees/fee structures.

**Note:** Fees cannot be assessed until the employee's first FSA payroll deduction.

**OFFEROR NAME:** \_\_\_\_\_

**12.0 ADDITIONAL INFORMATION**

Provide information that illustrates OFFEROR'S organizational and technical skills and any additional information relating to the RFP that in the OFFEROR'S opinion will assist the State in understanding the OFFEROR'S qualification or anticipated product. Include any other services OFFEROR willing to provide to the State and/or its participants.